

## FUND PERFORMANCE REVIEW

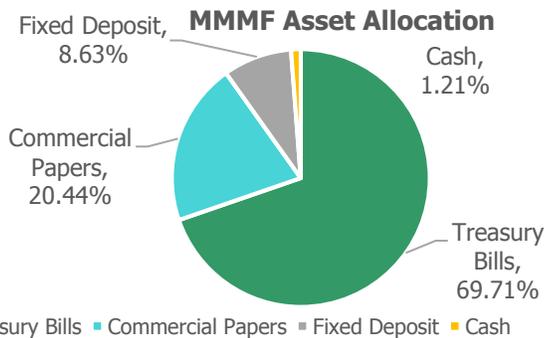
The Meristem Money Market Fund (MMMF) aims to achieve return on capital through investment in short-term fixed income securities with a focus on money market instruments. Some percentage of the Fund will however be kept in liquid investment to provide for redemption and to meet other obligations of the Fund.

The Fund seeks to outperform (gross of fees) the yield on the 91-day Treasury Bill. The objectives would be achieved by taking advantage of the economies of scale that come with the pooling together of funds to actively investing in viable investments. These will enable it to operate in an extremely efficient manner, thereby minimizing transaction cost.

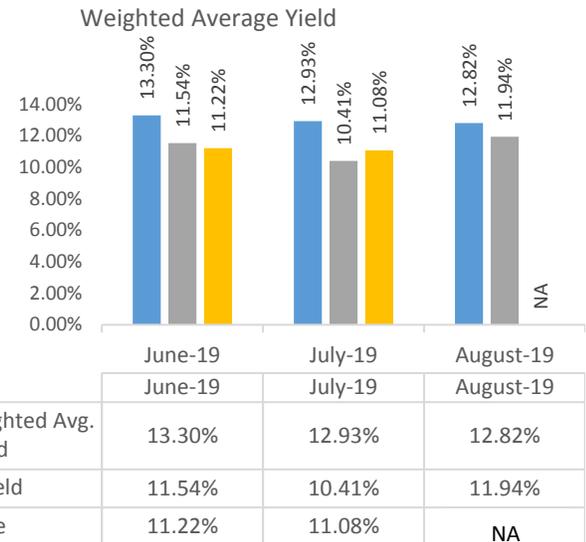
The Fund is an actively managed open-ended collective investment scheme that invests in money market instruments. The Fund seeks to achieve its stated objective of generating income on capital by relying on qualitative research capabilities to identify investment opportunities to be made by the Fund. The Money Market Fund's assets will typically be invested in Government Treasury Bills, Commercial Papers issued by companies who satisfy the minimum credit risk rating required by the Fund and Fixed Deposit investments.

### Asset Allocation

In seeking to achieve fund objectives, the Fund Manager has set the target asset allocation within identified risk levels. The distribution of funds between asset classes may be an important factor in determining the investment performance over time. In the event of extreme market conditions, the Fund Manager may revise the asset allocation in an attempt to preserve the value of the Fund for the benefit of Unitholders.



Assets	Lower Limit %	Upper Limit %	Current Weight %
Short term government Instruments	25	100	69.71
Other Money Market Securities	0	75	29.07
Cash	0	5%	1.21



## Fund Performance Review

The charts and tables provided above are intended to assist in understanding the performance of the MMMF. The bar chart on top shows the Fund's average returns over the past three months relative to the Fund's benchmark – average 91-Day TBills Yield and inflation rate. The fund's past performance does not necessarily indicate how it would perform in the future.

Bearish sentiment pervaded the money market space mid-August as investors sold-down on their TBills positions, thereby leading to yield increment in the TBills market. Yield advanced mostly across the short to middle end of the curve. Average TBills yield therefore increased by 252 basis points by the end of the month to close at 13.45%. Likewise, the 91-day TBill yield advanced by 218 basis points to close at 12.17%.

The yield increment was a plus for the Fund as new inflows and matured instruments were reinvested at the improved rates. On average however, the Weighted Yield of the Fund closed at 12.82%, having declined by 11 basis points from the previous month. This marginal decline is temporary, and attributed to the Fund's exposure to the low yield environment of the previous months. Despite this, the Fund outperformed its benchmark, the average 91-day TBills yield, by 88 basis points. It also provided real positive return above the inflation figure published in the period.

The Fund's assets are however properly positioned to benefit from the market upturn expected in the last quarter of the year.